

Lesley University

Financial Summary Report

For the Fiscal Year Ended June 30, 2023

The following is a summary discussion and analysis of Lesley University's financial position as of June 30, 2023, and the financial operations for the fiscal year then ended. Please refer to the Independent Auditors' Report by Mayer Hoffman McCann P.C. (MHM) and the full financial statements, including the related footnotes. MHM issued their "clean" opinion that the financial statements are presented fairly in all material respects in accordance with generally accepted accounting principles (GAAP) in the United States. Interested parties are encouraged to read the full financial statements to gain a comprehensive understanding of Lesley University's finances. This document is intended only as a high-level, "plain English" summary.

The Statement of Financial Position

The Statement of Financial Position (the "Balance Sheet") shows total assets of \$423 million for both years ended June 30, 2023 and 2022. Included in total assets are investments and trusts of \$188 million and \$187 million as of June 30, 2023 and 2022, respectively.

Total liabilities as of June 30, 2023 and 2022 were \$147 million and \$159 million, respectively. The \$12 million reduction of liabilities is mainly due to the decrease of \$5.7 million in line of credit and decrease of \$4.3 million in debt.

Total Net Assets, which is total assets minus total liabilities, were \$275 million and \$264 million on June 30, 2023 and 2022, respectively. This increase by approximately \$11.6 million is mainly a result of gain on sales of property and endowment investment returns, net of operating losses.

The Statement of Activities

The Statement of Activities reports the operating and nonoperating revenues, expenses, and other changes for FY23 as compared with FY22. As noted above, the university reported an increase of net assets by approximately \$11.6 million, which was largely due to an increase of \$26 million in non-operating activities offset by an approximately \$15 million operating deficit. The operating deficit was due to reduced revenues from a decline in enrollment in fall 2022 and the ending of pandemic-related government grant programs as compared to FY22.

Total operating revenues were \$85 million in FY23 as compared to \$97 million in FY22. Tuition revenue declined from \$67 million in FY22 to \$62 million in FY23 due to a sudden drop in enrollment in fall 2022. Due to the wind down of pandemic-related grant programs, government grants and contracts revenue decreased from \$8.7 million in FY22 to \$1.4 million in

FY23, returning to similar levels as in FY21 and prior years. Total operating expenses were \$100.5 million in FY23, flat as compared to \$100.3 million in FY22.

The university is taking action to close the operating budget gap. Reduction in operating expenses, along with initiatives intended to drive growth in revenue are underway. The university has a plan to reach financial equilibrium by FY26, which depends on initiatives including implementing the right academic programs and administrative structure, and a renovated campus.